

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)	
)	
Establishing a 5G Fund for Rural America)	GN Docket No. 20-32
)	

REPLY COMMENTS OF T-MOBILE USA, INC.

T-Mobile USA, Inc. (“T-Mobile”)¹ submits these reply comments in response to the notice of proposed rulemaking (“NPRM”) regarding the establishment of a 5G Fund for Rural America.² T-Mobile strongly supports the Federal Communications Commission’s (“Commission” or “FCC”) efforts to ensure that Americans living in rural areas have access to next-generation 5G mobile service. With the adoption of new mobile wireless coverage maps,³ the Broadband DATA Act requires the Commission to use these maps to identify areas eligible for the 5G Fund. The Commission should move forward with the 5G Fund using a reverse auction that relies on the Digital Opportunity Data Collection (“DODC”) coverage maps to identify areas eligible for support, together with a reasonable adjustment factor to encourage investment in areas that are more costly or less profitable to serve.

¹ T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company. T-Mobile and Sprint are now one company operating under the name “T-Mobile.” The merger closed on April 1, 2020.

² See *In re Establishing a 5G Fund for Rural America*, Notice of Proposed Rulemaking and Order, 35 FCC Rcd 3994, 3995-96 ¶ 1 (2020) (“NPRM”).

³ *In re Establishing the Digital Opportunity Data Collection*, Second Report and Order and Third Further Notice of Proposed Rulemaking, WC Docket Nos. 19-195, 11-10, FCC 20-94 ¶ 1 (rel. July 17, 2020) (“DODC Order”) (“to bring broadband to every unserved part of the country means knowing where broadband is available, and where it is not”).

Given the broad consensus for Option B and the advantages of using new coverage maps from all providers to target funding and avoid overbuilding, the Commission should abandon its proposal to request that T-Mobile voluntarily disclose its future 5G deployment plans. As T-Mobile explained in its comments, and as other commenters similarly recognized, this approach raises a host of policy and legal concerns, and singling out one provider's future deployment is not a reliable basis for identifying eligible areas. For the same reasons, the Commission should reject any proposal to penalize T-Mobile for protecting its competitively sensitive information. Although some commenters see the 5G Fund proceeding as an opportunity to re-litigate T-Mobile's merger with Sprint, there is no basis for doing so.

Finally, the Commission should reject any proposal to set aside billions of dollars for an arbitrary category of "small" carriers. Doing so would be a highly inefficient use of scarce resources, and it would not deliver nearly as much expansion of 5G service as a reverse auction in which all providers compete for support.

I. THE COMMISSION SHOULD USE THE DODC UPDATED COVERAGE MAPS TO DETERMINE ELIGIBLE AREAS FOR THE 5G FUND.

T-Mobile supports the Commission's goals of (a) directing 5G Fund support to those areas that are in most need of expanded service, and (b) ensuring that limited 5G Fund dollars are invested in the most effective way possible. Now that the Commission has adopted the parameters for new mobile coverage maps through the DODC, the best way to accomplish these goals is to implement the 5G Fund using Option B, together with a reasonable adjustment factor.

In the NPRM, the Commission sought comment on whether it should implement the 5G Fund according to Option A or Option B.⁴ Under Option A, the Commission would begin the 5G

⁴ *NPRM*, 35 FCC Rcd at 4024 ¶ 88.

Fund Phase I Auction without using the newly adopted coverage maps and, instead, use alternative measures to identify eligible areas.⁵ Under Option B, the Commission would use the new coverage maps to determine eligible areas and then conduct the Phase I Auction.⁶

The record overwhelmingly favors the use of new coverage maps.⁷ Option B follows Congress’s mandate to use more precise coverage maps to identify areas eligible for universal service support. Commenters maintained that the Broadband DATA Act requires the Commission to adopt new coverage maps before disbursing any new funds to support broadband deployment.⁸ Now that the Commission adopted updated mobile wireless coverage mapping requirements, as directed by the Broadband DATA Act, the Commission should proceed with the 5G Fund using these new coverage maps. Indeed, as several Commissioners have made clear, there is little doubt of how Congress intended the Commission to proceed. For example, Commissioner O’Rielly explained that “Congress expected the Commission to use the new maps for future decision making and not rush ahead in creating new subsidy programs absent this important data. The law is fairly clear on this point.”⁹ And Chairman Pai also acknowledged that “we will need more

⁵ See *id.* at 4003 ¶ 24.

⁶ See *id.* at 4007-08 ¶ 37.

⁷ Comments of AT&T Services, Inc. at 20, GN Docket No. 20-32 (June 25, 2020) (“AT&T Comments”); Comments of Verizon at 5, GN Docket No. 20-32 (June 25, 2020) (“Verizon Comments”); Comments of Coalition of Rural Wireless Carriers at 9-13, GN Docket No. 20-32 (June 25, 2020) (“CRWC Comments”); Comments of Competitive Carriers Association at 2-6, GN Docket No. 20-32 (June 25, 2020) (“CCA Comments”); Comments of CTIA at 5-6, GN Docket No. 20-32 (June 25, 2020) (“CTIA Comments”); Comments of the California Public Utilities Commission at 2-3, GN Docket No. 20-32 (June 25, 2020) (“CPUC Comments”); Comments of Massachusetts Department of Telecommunications and Cable at 2, GN Docket No. 20-32 (June 25, 2020) (“MDTC Comments”); Comments of the National Association of Regulatory Utility Commissioners at 3-4, GN Docket No. 20-32 (June 25, 2020) (“NARUC Comments”); Comments of Vermont Department of Public Service at 7-8, GN Docket No. 20-32 (June 25, 2020) (“VTDPS Comments”).

⁸ See AT&T Comments at 4-5; CRWC Comments at 6-9; CCA Comments at 2, 5-6; CTIA Comments at 5-6; NARUC Comments at 3-4; VTDPS Comments at 7-8.

⁹ *DODC*, Statement of Commissioner Michael O’Rielly.

granular and precise maps to know exactly where broadband is and isn't available,"¹⁰ which is of course an indispensable part of implementing the 5G Fund. Echoing Chairman Pai's sentiments, there is broad consensus in the record that Option B will give the Commission the most reliable basis for identifying areas in need of 5G Fund support.¹¹ This will allow for a more targeted, and therefore more successful, distribution of scarce funds.

As the Commission has recognized, however, identifying eligible areas is only part of the process. Once those areas have been identified, the Commission needs a reasonable and effective mechanism to encourage investment in the areas that are most uneconomic to serve. The Commission has not proposed to use a cost model to estimate the cost of deployment or establish reserve prices for the 5G Fund, as it did for fixed broadband deployment.¹² For that reason, T-Mobile supports the use of an adjustment factor to facilitate deployment in areas that are more costly and/or less profitable to serve.

In their recent Public Notice, the Office of Economics and Analytics and Wireline Competition Bureau have proposed an adjustment factor that will award more support per actual square kilometer, multiplying the number of actual square kilometers in a given area by a multiple corresponding to the ruggedness of the terrain and the local demand for service in that area.¹³ T-Mobile takes no position on whether the precise values the Commission has proposed are the right ones, but the basic method the Commission proposes here is sound. An appropriate

¹⁰ *Id.*, Statement of Chairman Ajit Pai.

¹¹ See AT&T Comments at 3-5 ("Option B is clearly the option that will utilize the funds most efficiently and is consistent with Congress's explicit directive that the Commission use better data to award new mobile broadband deployment funding."); Verizon Comments at 5, 7; CCA Comments at 8-9; CTIA Comments at 5-6; NARUC Comments at 4.

¹² *In re Rural Digital Opportunity Fund*, Report and Order, 35 FCC Rcd 686, 687-88 ¶ 3 (2020).

¹³ *Office of Economics and Analytics and Wireline Competition Bureau Seek Comment on Adjustment Factor Values for the 5G Fund*, Public Notice, 35 FCC Rcd 5704 (OEA 2020) ("Public Notice").

adjustment factor will encourage providers to make much needed investments in areas that are now too costly and/or not profitable enough to serve. Although further refinements may be needed to ensure that the adjustment factor aligns with the new coverage mapping requirements, and to ensure that the adjustment factor reasonably accounts for the factors that bear on a provider's costs and expected revenues, T-Mobile applauds the Commission's efforts to derive a reasonable adjustment factor for use in the 5G Fund.

II. SINGLING OUT T-MOBILE'S DEPLOYMENT PLANS TO IDENTIFY ELIGIBLE AREAS IS UNWORKABLE AND UNREASONABLE.

Identifying eligible areas for the 5G Fund is key to the success of the auction.¹⁴ The process to identify these eligible areas must be data-driven and objective, not arbitrary, and must not single out one provider.¹⁵ The Commission should adopt an approach that relies on new coverage maps from all providers, rather than relying on only T-Mobile's future 5G deployment plans as a proxy for rural areas likely to receive unsubsidized 5G service.¹⁶ As T-Mobile explained in its comments, relying only on T-Mobile's 5G build plans is unworkable and unreasonable.¹⁷

T-Mobile's future 5G deployment plans in rural areas are not a sound basis for inferring where unsubsidized carriers are likely to deploy.¹⁸ First, T-Mobile's merger commitments are population-based, not geography-based and thus not a match for the geography-based 5G Fund.¹⁹ Second, the build plans underlying T-Mobile's merger commitments are not definitive plans for 5G deployment because T-Mobile retains the flexibility to modify them over time in light of

¹⁴ Comments of T-Mobile USA, Inc. at 3, GN Docket No. 20-32 (June 25, 2020) ("T-Mobile Comments").

¹⁵ *Id.*

¹⁶ *NPRM*, 35 FCC Rcd at 4003, 4039 ¶¶ 24, 130 & n.196, 131.

¹⁷ T-Mobile Comments at 7-11.

¹⁸ *Id.* at 9-11.

¹⁹ *Id.* at 7-9.

market forces and the situation on the ground in a given area.²⁰ Third, relying solely on T-Mobile’s deployment plans would also be arbitrary and under-inclusive—ignoring the 5G deployment plans of AT&T, Verizon, and others.²¹

The record confirms that such an approach would not be in the public interest or provide an objective means of identifying eligible areas. As CCA explained, any option that would not rely on coverage maps from all providers “would distribute funding based on questionable data.”²² And, according to CTIA, using the new coverage maps would be “more likely to enable the Commission to accurately determine eligible areas” than to compel wireless providers “to disclose proprietary and competitively sensitive information.”²³ Similarly, AT&T “recommends that the Commission not craft its 5G Fund rules around T-Mobile’s merger commitments.”²⁴ In short, the majority of comments support relying on coverage maps from all providers as directed by Congress in the Broadband DATA Act,²⁵ rather than arbitrarily singling out one provider.

For similar reasons, the Commission should reject any proposal that would effectively penalize T-Mobile for declining to reveal its competitively sensitive deployment plans. Some commenters urge the Commission to use this proceeding as an opportunity to take another look at the T-Mobile/Sprint merger. For instance, the Vermont Department of Public Service (“VTDPS”) suggests applying the enforcement mechanisms in the T-Mobile-Sprint Merger Order to any commitments made by T-Mobile as part of the 5G Fund.²⁶ And the California Public Utilities

²⁰ *Id.*

²¹ *Id.* at 9-11.

²² CCA Comments at 2.

²³ CTIA Comments at 6.

²⁴ AT&T Comments at 13-14 n.29.

²⁵ *See supra* note 7.

²⁶ VTDPS Comments at 6-7.

Commission (“CPUC”) urges the Commission to impose additional disclosure requirements on T-Mobile related to areas where it intends to deploy to fulfill its state merger commitments.²⁷ The CPUC also urges the Commission to make these disclosures a condition on T-Mobile receiving *any* universal service support.²⁸

These proposals are unrelated to the 5G Fund and should be rejected. The Commission cannot use this proceeding to re-litigate the Sprint/T-Mobile commitments. The VTDPs and CPUC offer no authority in support of their positions because there is none. Penalizing T-Mobile for declining to reveal competitively sensitive information—as other providers would not be required to do—would be both arbitrary and unreasonable. In addition, T-Mobile’s 5G deployment plan to meet its population-based merger commitments was intended to be flexible and adaptable. Further, T-Mobile’s population-based commitments do not match the 5G Fund’s geographic-based approach. The VTDPs’s and CPUC’s requests to single out T-Mobile for additional burdens do not further the public interest.

III. THE COMMISSION SHOULD DISTRIBUTE SUPPORT USING A REVERSE AUCTION AND NOT SET ASIDE FUNDS FOR SMALLER CARRIERS.

The Commission should not adopt the proposal of the Rural Wireless Association (“RWA”) and NTCA to set aside \$1.5 billion out of \$9 billion in the 5G Fund for “small” carriers that serve fewer than 500,000 subscribers.²⁹ Doing so would not only constitute poor public policy, but would also be inefficient and run counter to the Commission’s goal of maximizing the value of each dollar of universal service support.

²⁷ CPUC Comments at 7.

²⁸ *Id.*

²⁹ *NPRM*, 35 FCC Rcd at 4025-26 ¶ 93; Comments of the Rural Wireless Association, Inc. at 4, GN Docket No. 20-32 (June 25, 2020) (“RWA Comments”); Comments of NTCA at 5-6, GN Docket No. 20-32 (June 25, 2020) (“NTCA Comments”).

Reverse auctions work by having participants bid on the price at which they are willing to provide service, and they are effective because they harness basic market forces to secure the lowest prices the market will bear. “By permitting all qualified providers to participate in this reverse auction,” the Commission has explained, “our limited USF dollars will be used more efficiently and effectively . . . to cover more unserved areas.”³⁰ The Commission has successfully used reverse auctions in the universal service context, and T-Mobile opposes any proposals to abandon this proven method.

Setting aside billions of dollars for an arbitrary subset of providers would be a highly inefficient use of scarce resources, as it would limit the Commission’s ability to expand 5G coverage at the scale needed to stay competitive in the global race to 5G. The purpose of the 5G Fund is to expand access to 5G service for all Americans and rural communities in the most efficient way possible.³¹ In administering the 5G Fund, the Commission’s goal is to spur the largest expansion of 5G with limited universal service support. “By letting service providers compete for universal service support, we can deliver taxpayers the most bang for their buck,” to borrow Chairman Pai’s words.³² By contrast, there is no reason to expect that giving small carriers first pick would lead to similarly efficient allocations of 5G Fund support. Awarding support to small carriers who could not win that support at a full and fair auction would be a waste of resources. For that reason, the Commission has wisely chosen to use a reverse auction.

RWA and NTCA suggest that setting aside funds for small carriers, arbitrarily defined to include carriers serving fewer than 500,000 subscribers, would be the most efficient way to deliver

³⁰ *In re Connect America Fund*, Fourth Order on Reconsideration, 27 FCC Rcd 8814, 8819 ¶ 13 (2012); *NPRM*, 35 FCC Rcd at 4038 ¶ 128 n.191.

³¹ *See NPRM*, 35 FCC Rcd at 3995-96 ¶ 1.

³² *Id.* at 4108, Statement of Chairman Ajit Pai.

5G Fund support to rural areas with legacy providers.³³ If, in fact, awarding 5G Fund support to small carriers is the most efficient way to deploy 5G service in certain areas, then the reverse auction would bear that out. If a larger provider can deliver comparable 5G service at a lower cost, on the other hand, then that is what good stewardship of universal service funds requires. Either way, there is no reason for the Commission to attempt to give an advantage to any bidder.

To meet its goal of closing the digital divide and connecting all areas with 5G, the Commission must stretch universal service support as far as possible. RWA and NTCA offer no explanation as to how a special fund for small carriers would do more to expand access to 5G than a reverse auction in which all carriers can compete equally, particularly once the Commission adopts a reasonable adjustment factor to encourage new entrants to deploy in areas that are especially hard to serve. At bottom, the proposal does nothing more than invite the Commission to pick favorites and distort the market in favor of an arbitrary category of smaller carriers. The Commission should reject this invitation.

IV. CONCLUSION

For the reasons above, T-Mobile urges the Commission to adopt Option B and a reasonable adjustment factor. This is precisely the type of data-driven approach needed to spark a tremendous expansion of 5G coverage in rural America.

Respectfully submitted,

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³³ See RWA Comments at 3-5; NTCA Comments at 5-6.

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